REMARKS

The Examiner is thanked for her detailed review of our unusually long response to the prior office action. Applicant respectfully requests reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

Claims 1-21, 27-35, 39-70, 74-75, 94-111, 117-125, 129-160, 164-165, and 194-205 have been rejected under 35 U.S.C. § 103(a). This rejection is respectfully traversed and reconsideration thereof is requested. In order to facilitate allowance of this application, independent claims 1, 94 and 204 have been amended to add limitations to obviate this rejection, and further prosecution on the previously submitted claims will be pursued in a continuation. Furthermore, we have cancelled independent claim 205 and we have also cancelled all dependent claims except for 10, 11, 12, 13, 47, 48, 49, 51, 52, 64, 65 and 68, and the corresponding dependent system claims 100, 101, 102, 103, 137, 138, 139, 141, 142, 154, 155 and 158. These canceled claims may also be pursued separately. A new claim 206 has been added to further protect applicant's invention.

The Examiner has issued a provisional double patent patenting rejection and has suggested the filing of a terminal disclaimer. A terminal disclaimer may be submitted in the remaining application(s) once one of the applications is allowed per M.P.E.P. 822.01.

The Examiner has further rejected Claim 1 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In response, applicant has clarified and amended such claim to avoid such rejection.

In response to the Examiner remarks, applicant emphasizes that each of the prior art references relied upon by the Examiner teach the use of transaction data which is generated and harvested by retail & marketing companies in the course of their selling of products and services to buyers. By sharp contrast, the presently pending claims clearly define that the transaction data is not procured by sellers (or by the payment companies that work for these sellers) but rather that the data is obtained on the initiative and with the consent of the buyer entities. Note that new claim 206 also adds the limitation that the receiving step is encompasses the receipt of passwords and user IDs on the initiative and with the consent of the buyer entity. Thus, the buyer-driven nature of the present invention governs its use, application and effectiveness.

In the prior art, when sellers use and harvest transaction data (or allow for their use) for the purpose of targeting advertisements and promotions at buyers, these sellers capture such data and identify the buyer at the point of sale, and then transfer such data for the purpose of building profiles of the buyers to whom they sell. By sharp contrast, the presently pending claims do not define a seller-driven system, but rather a buyer-driven targeting system. It allows buyers, among other things, (1) to facilitate data access from outside any previously existing sales or payment system at the initiative and with the consent of the buyer; (2) to provide comprehensive purchase histories over time, showing purchases made with multiple independent competing merchants, and paid for in many different ways, (3) to direct the use of these data, and (4) to be appropriately rewarded for the provision of such data.

The use of data procured via the presently claimed buyer-driven system faces far less restrictions than if the same data were procured from sellers or with the seller's active cooperation. Third party advertisers can use the data to directly compete for the business of the best buyers of their direct competitors by providing preferential discounts (which are different from discounts normally provided in the course of regular advertising or promotions). Of course, companies currently do not and would not actively cooperate (or allow their payment partners to actively cooperate) with a system that allows other merchants to steal their best customers.

In the final office action dated June 16, 2003, the Examiner notes aspects in Peirce, which would indicate the presence of several argued features of the inventive system embodied in the previously submitted claim 1. We believe that the system taught in Peirce is fundamentally different from the present inventive system, and have amended the language of claim 1 to accentuate and delineate these differences:

1. In the claimed invention Purchase Records are received on their initiative and with the consent of the buyer entities,; (this is element #2 in our March 11 reply to the first office action): With respect to the submission of purchase records, we have added the words "on the initiative and consent" of the buyer entity as suggested by the examiner, and as defined in the specification. We believe this now establishes a clear distinction and reason for allowance over Peirce, where the transaction data does not come from the buyer but from the seller. Pierce in column 10, lines 59 to 67 does teach the assignment of a particular value ("value Z") to cardholders "...who have not opted-out..." It is clear

from the context of the Peirce system and the remainder of the Peirce text that this opt-out from the program (and the resulting assignment of value Z) is not an opt-out from the transfer of buyer data into the system, but relates to the receipt of offers. Although Peirce describes the workings of its inventive system in great detail, there is not a single word in it that would indicate that the opt-out from participation in the program in any way halts or prevents the flow of data associated with the buyer into the system. Rather, the assignment of value Z in the Pierce system occurs separately from the receipt of data, and the only described consequences of that opt-out/value Z assignment are that the buyer is not assigned any offers, and does not receive any such offers. Nowhere does Pierce teach any buyer input that affects the provision of data to the system, nor does Pierce teach any other way for buyer entities to even influence the transfer of their data into the system.

Moreover, Peirce clearly states in lines 8-12 of column 2, that the purpose of its system is to enable "a credit card processor that [already!] receives information from both sides of the [credit card processing] interchange" to use its "processing capacity to perform (...) offer matching, delivery, and fulfillment." (See also the preceding text in Peirce, column 1, line 50 to column 2, to line 7). Clearly Peirce does not teach the procurement or receipt of new data, and it certainly does not teach the receipt of such data from buyer entities. Instead it teaches the utilization of data previously generated by the credit card network. Even if one wanted to use the hindsight taught by the present teaching, to retroactively adapt the Peirce system for purpose of halting the flow of data to the credit card processor, one could not. It would not seem possible to permit an opt-out on the actual receipt by the system of data, because the system in Peirce is operated by the credit card processor (Visa or Mastercard), and deletion or failure to receive purchase information would prevent payment from being carried out by the credit card processor—which is the processor's principal purpose. If the credit card processor would not receive the transaction information from the merchant as it now does, and as it continues to do in Peirce, the merchant could not get paid, and the buyer entity's credit card account could not be charged.

In addition to the above, Pierce is also deficient with respect to the following features of our revised claim 1 embodiment:

2. Transfer of transaction records or information derived from transaction records into the system (this is element #1 in our March 11, 2003 reply to the first office action – that reply is hereafter referred to as the "March response"). As argued above, Peirce does not teach a method or system for procuring data. Instead, Peirce assumes -- and requires as a prerequisite --- a pre-existing data flow of transaction data to the credit card processor via the pre-existing credit card network.

Please note:

- The Examiner points out that our lack of system definition allows for ambiguity with respect to the interpretation of the present system and of the prior art with respect to this feature, and also creates heretofore unresolved § 112 issues. The system for purpose of the present application is a network of entities who perform an essential work function for the deliberate purpose of cooperating with the procurement of data by the network, and/or with the creation of value based on the processing and utilization of these data by the network, and/or with the provision of consideration offered in return for the receipt of such data.

- The examiner points to an inconsistency in our March 11, 2003 response, in which we cite the example of a credit card company that might have 2 different divisions issue two separate credit cards to the same user, and then combines data from these two credit cards to form a profile of that user. We argue that this would implement claim 1 -- however the Examiner argues that this is inconsistent with our prior argument that our claim 1 embodiment does not itself relate to credit card company's use of the data generated by its own credit cards as well as with some of the language of claim 1. We therefore now retract this an example of the implementation of our currently revised claim 1, and we intend to pursue the use of data by credit card companies relating to credit cards issued by these companies themselves in a separate application and claim embodiment.

3. In the present inventive system, the incentive that is being offered must promote the product of a third party with a distinct business activity (This is element 4 in our discussion in the March response.) We have added an exclusion for "point-of sale

payment" to claim 1 to further distinguish the present invention from Peirce in this respect. The merchants in Peirce are all participants of the credit card network, and all have their "VISA and MASTERCARD bankcard Merchant Category Code (MCC)" (Peirce, col5, lines 35-36). Based on our definition of system, the credit card processor is clearly part of the system in Peirce, and the credit card processor carries out the point of sale payment for the advertisers via its proprietary branded credit card network. In Peirce, the advertisers are therefore not independent of the credit card network, and access to the system by merchants that are independent of the credit card network is not discussed in Peirce.

4. As to element 4 of the March response, incentives in Peirce are not defined to be preferential. Discounts in Peirce are not necessarily preferential discounts. For a discount to be preferential it would have to be exclusive to certain consumers only, and other consumers would have to be unable to obtain such discounts outside of the system. Certain discounts are sent to some consumers but not to others. But this does not mean that those consumers who do not receive the discounts would not be able to get them outside the system by going to stores or websites of the merchants that sell the discounted products. No rationale is offered in Peirce for offering better discounts to some consumers than to others. (Please note that we have also emphasized and explained the difference between "targeted" distribution of incentives and preferential incentives in the March response, see p.40 last paragraph & page 41 lines 1-4).

5. As to element 3 in the March response (that the information comes in the form of or is derived from third party purchase records), the Peirce system uses neither third party purchase records (the merchants in Peirce are not third parties but credit card network participants) nor even any records at all. The amount of the transaction and other transaction information is generally typed in by the salesperson at the credit card terminal, i.e., it is point of sale clerk input data. This information is not submitted to the credit card processor in the form of a purchase record (or in the form of *any* record) or in the form of information derived from a purchase record (or from *any* prior transaction record).

6. Also, in Peirce the name of the buyer entity is not transferred to the advertisement at the time of the offer with respect to many advertisers, but it does not appear to apply to those

advertisers who are also card issuers, and who are advertising through the system to their own credit card holders (in fact, in the discussion of privacy in Peirce cited by the examiner, an exception is made for financial institutions; Peirce col.2, line 33). Note that this element is not a requirement for the Peirce system as it is for our current claim 1 embodiment.

Definition of the word "material"

The online legal dictionary on the website law.com defines the word material in part as follows [quoted as of June 17, 2003]:

"Material

adj. relevant and significant. [...] A 'material breach' of a contract is a valid excuse by the other party not to perform. However, an insignificant divergence from the terms of the contract is not a material breach."

We further define "material condition" as a condition which could give rise to a claim of material breach of contract by either the buyer entity or the advertiser, if such condition had been promised but not delivered to the buyer entity or by the advertiser, as part of the contractual exchange defined in the offering and execution of a contingent preferential incentive, in which the advertiser offers the provision of a benefit in exchange for one or more actions to be taken by the buyer entity.

Previously submitted Affidavits

We wish to reiterate that the expertise and knowledge of our affiants in the previously submitted affidavits, who are among the nation's most recognized and leading authorities in the field and far exceed those of the average practitioner. These experts uniformly stated they were not aware of any prior art which would make the present invention novel and nonobvious. These affidavits are the result of a very significant amount of effort, and we therefore would greatly appreciate if the Examiner would exercise her discretion to give these affidavits their full consideration as per MPEP § 1.132.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be

required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. § 1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

Date October 14, 2003

By William S Ellis Reg. No. 43,438

FOLEY & LARDNER
Washington Harbour
3000 K Street, N.W., Suite 500
Washington, D.C. 20007-5143
Telephone: (202) 672-5485
Facsimile: (202) 672-5399

for William T. Ellis
Attorney for Applicant
Registration No. 26,874

OFFICIAL